



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: GAO report on Free Trade Area of the Americas
Da: Monday, April 2, 2001

Sen. Chuck Grassley, chairman of the Committee on Finance, today released a General Accounting Office report, "Free Trade Area of the Americas/Negotiations at Key Juncture on Eve of April Meetings" and made the following comment on the report. Note: The report will be available at <http://finance.senate.gov> under "press office."

"Today, I am releasing a U.S. General Accounting Office report on the status of the Free Trade Area of the Americas negotiations. These regional trade negotiations, which are aimed at eliminating tariffs, opening markets, and agreeing on a common set of trading rules with our Western Hemisphere neighbors, are extremely important to America's economy. The 34 democracies of the FTAA region purchased about 36 percent of all U.S. exports of goods and services in 1999. In my state of Iowa, about one-third of all the goods sold in international commerce, or about \$1 billion worth of exports, are shipped to the FTAA region.

"Because the stakes for the FTAA negotiations are so high for America's farmers, business entrepreneurs, and service providers, last September I asked Congress' nonpartisan General Accounting Office to evaluate the progress of the FTAA talks, and to report back to me prior to the April 7, 2001, FTAA Ministerial in Buenos Aires, and the April 20-22 Summit of the Americas in Quebec City. I asked GAO to examine the progress of the negotiations because I was concerned that the negotiations have stalled, and that lack of agreement on major issues may mean that we may not be able to resolve more contentious matters before the negotiations are set to conclude in 2005.

"A team of GAO's professional evaluators and trade specialists have spent the past six months interviewing key participants in the FTAA process, including foreign government officials and lead U.S. government negotiators. They have sifted through an extensive collection of official FTAA documents. This report is the result of that effort.

"Three related factors revealed in the GAO report give me a great deal of concern.

"The first is that, according to GAO's findings, the negotiations have a long way to go in terms of achieving their key market access objectives. In fact, the GAO reports that FTAA negotiators have not even begun to discuss market access concessions, which are the heart of the FTAA negotiations.

"The second is that some of the FTAA participants interviewed by the GAO believe that the United States lacks the political will to successfully conclude a market-opening agreement because, according to these participants, there does not appear to be a consensus in the United States on the

benefits of international trade, and on how to handle the issues of labor rights and the environment in the context of trade agreements.

“Finally, the GAO reports that some FTAA participants believe that the President’s absence of trade promotion authority has thwarted the negotiations, to the extent that some countries are not willing to make the necessary concessions to move the negotiations forward. According to the GAO, some FTAA participants feel that the President’s lack of trade promotion authority gives other nations an excuse to slow the negotiating process.

“These three findings indicate to me the undeniable truth of international trade policy in the 21st century: If America does not lead, others will not follow. This is true whether we are talking about multilateral negotiations with 140 countries in the World Trade Organization, or regional trade talks like the FTAA.

“To that end, every day that goes by without renewing the President’s trade promotion authority while our officials sit at the negotiating table is a lost opportunity for America. Every trade negotiation has its own momentum. When it is lost, that momentum is terribly difficult to recover.

“That is why I am more determined than ever to push for legislation this year to renew the President’s trade promotion authority with the broadest possible scope, so the President can negotiate market-opening trade deals on a multilateral or a regional basis.

“The GAO report shows that the FTAA negotiations have yielded some positive accomplishments since they started in 1994. For example, participants have agreed to adopt eight customs-related business facilitation measures that will expedite commerce among the FTAA nations.

“However, on the broader and more significant market access issues, we clearly need to do more now in the United States to get these important negotiations back on track. We can start by renewing the President’s trade negotiating authority this year, along the same strongly bipartisan lines that we did in 1988.”